

<p style="text-align: center;">FY 2008 Program Performance Measures DEPARTMENT: LABOR AND ECONOMIC GROWTH APPROPRIATION UNIT: Liquor Control Commission Program: Liquor Control Commission</p>

Timeline:

October 1, 2007 through September 30, 2008.

Program Mission:

The mission of the Michigan Liquor Control Commission is to provide alcoholic beverages for consumption and generate revenue for the State of Michigan, while protecting the interests of the general public through selective licensing and strict enforcement of the Liquor Control Code and Administrative Rules of the Commission.

Program Statement:

The Liquor Control Commission's functions include the distribution of alcoholic liquor products, licensing of all liquor related businesses, enforcement of the liquor laws and rules, adjudication of all violations and appeals, and the collection and control of state revenue. In order for the Commission to reach its goals it must operate in the dual roles of regulator and business partner. The Commission's four program areas, Licensing, Enforcement, Hearings and Appeals, and Financial Management, provide the necessary support for the Commission to reach its goals. The Commission is working to improve its systems and procedures to provide a continuously improving service system to the liquor industry, our licensees and the general public.

Program Customers:

The customers of the Liquor Control Commission include the people the Commission regulates by law. This includes retail liquor licensees, liquor suppliers, beer and wine wholesalers, and others. It also includes all the citizens of Michigan and visitors to our state, which the Commission serves through its public protection duties.

FY 2008 Program Performance Measures

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission Program: Liquor Control Commission

Program Goals:

The goals of the Liquor Control Commission are as follows:

- To control the alcoholic beverage traffic within the state.
- To maintain a strong licensing system that will help ensure that alcoholic liquor is properly distributed.
- To enforce the provisions of the Liquor Control Code and Administrative Rules.
- To generate and monitor revenue for the state.
- To adjudicate complaints in a timely manner.
- To provide educational programs to increase awareness of various issues related to alcohol.

Program Objectives:

- To issue 95% of licenses and permits within 5 days after the application is administratively complete.
- To schedule hearings within 10 days of receipt of the request 95% of the time.
- To resolve 100% of the calls on the Liquor Wholesale Help Line within 24 hours.
- To maintain a presence in the licensed premises through use of Controlled Buy operations.

Improvement Plans:

- To cross train Hearings and Appeals employees and reassign job duties to improve workflow.
- To conduct regular follow-up on the status of violation reports that are pending complaints.
- To create a licensing document display system for on and off premise multiple business operators that will be accessible to Commission staff members.
- To automate the Manufacturers & Wholesalers Salesperson program to provide reports on the pending Salesperson license applications.
- To develop a standard interactive template for investigator's reports to improve efficiency and effectiveness.

FY 2008 Program Performance Measures

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission Program: Liquor Control Commission

Improvement Plans:

- Work with local law enforcement agencies, the Michigan State Police, industry trade associations, and the alcohol beverage industry to curtail illegal alcohol beverage smuggling activities.
- Work with the Department of Information Technology to develop/design/implement a new series of computer systems/programs for the Commission's liquor sales, inventory and purchasing services.

Program Improvements Made:

- Continued to draft the majority of complaints within 30 days and scheduled violation hearings within 90 days.
- Automated the Manufacturers & Wholesalers surety bond program to provide reports and notices of licensees not in compliance with the bonding requirements.
- Restructured several licensing forms on the website to make them writeable.
- Provided high speed internet access to Enforcement Division field staff to increase their productivity.
- Trained Enforcement Division Staff on video gambling and interview preparation.
- Participated in an illegal gambling task force with other state agencies.
- Developed an automated system to send electronic weekly liquor purchase orders directly to the liquor suppliers.
- Developed and implemented upgrades to the liquor quotation system, E-Quote, which make the system more efficient and user friendly.

FY 2008 Program Performance Measures

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission Program: Liquor Control Commission

Program Challenges:

- The Licensing Division faces constant challenges to meet the demands of its customers due to the steady increase in new and transfer ownership applications received. This challenge is made more difficult by the new license types that are available, the 90-day timeframe required for processing of applications and the shortage in Licensing staff resulting from retirements, transfers and departures.
- The Hearings and Appeals Division is challenged to maintain it's objective of scheduling violation hearings timely, especially with an increase of 164 violations over the previous year.
- The Financial Management Division will be challenged to develop new computer systems/programs for the Commission's liquor sales, inventory, and purchase services. The development process will be very time consuming and lengthy due to the importance and complexity of these Commission Activities.
- To better educate local law enforcement agencies on liquor laws and rules, with an emphasis on curtailing illegal smuggling and illegal gambling.
- To maintain efficient service to commission customers while implementing new legislative mandates.
- To provide more educational opportunities for retail licensees.



DLEG –Liquor Control Commission

Fiscal Year 2008 Program Performance Measures

For the Period October 2007 through September 2008

Licensing Division

Fiscal Year 2008 Program Performance Measures

For the Period October 2007 through September 2008

DEPARTMENT:	MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH		
APPROPRIATION UNIT:	Liquor Control Commission	Program:	Licensing

PROGRAM MISSION

To provide for the licensing of persons involved in the importation, manufacture, sale and distribution of alcoholic beverages; and to regulate the manufacture, importation, sale and distribution of alcoholic beverages; and to provide for adherence to the provisions of the Liquor Control Code and Rules through selective licensing.

PROGRAM STATEMENT

The Licensing Division provides staff support to the Commission under its charge in the Michigan Constitution to control alcoholic beverage traffic in Michigan through licensing of all aspects of the alcoholic beverage business in the state.

The Retail licensing section of the Commission processes applications for retail licenses for both on premises consumption (such as restaurants, taverns and bars) and for off premises consumption (such as grocery stores, party stores and drug stores). There are approximately 26,000 licenses issued to 17,000 retail licensees. These licenses are renewed each year by May 1.

The Manufacturers and Wholesalers licensing section is responsible for processing applications for all other types of licenses associated with the alcoholic beverage industry in Michigan. This includes direct shippers, brewers, wineries, wholesalers, salespersons, vendor representatives, etc. amounting to approximately 8,600 licenses.

PROGRAM CUSTOMERS:

Residents of the State of Michigan as well as all persons involved in or requiring a license for the importation, manufacture, promotion and/or sale of alcoholic beverages in the State of Michigan.

Fiscal Year 2008 Program Performance Measures

For the Period October 2007 through September 2008

DEPARTMENT: MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
APPROPRIATION UNIT: Liquor Control Commission Program: Licensing

GOALS

To issue liquor licenses to qualified applicants whose business and/or establishment meet the Liquor Control Code, Commission rules and local requirements; to provide information to the Commission for review and consideration in carrying out its responsibilities for the regulation and distribution of alcoholic beverages in this state; to renew liquor licenses on an annual basis; and to provide materials and assistance to attorneys, brokers, trade associations, local law enforcement agencies and local governmental units relating to the licensing processes.

OBJECTIVES

To authorize 90% of applications for investigation within 5 working days after all necessary documents have been received.

To issue 95% of licenses and permits within 5 working days after the application is administratively complete.

To process all liquor license application renewals received by April 30, 2008.

To reduce the number of on premises liquor licenses held in escrow by 5% through transfer or reactivation by qualified applicants in order to encourage economic growth and to create opportunities for employment in local communities.

FUND SOURCE

Liquor License Revenue

Liquor Purchase Revolving Fund

Fiscal Year 2008 Program Performance Measures

For the Period October 2007 through September 2008

DEPARTMENT: MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission Program: Licensing

LEGAL BASIS

The United States Constitution gives each State full authority for the transportation, importation, delivery and use of alcoholic liquor within its borders (The Constitution of the United States of America, Article XXI, § 2).

The Michigan Liquor Control Commission was established by the Legislature by Act 8 of 1933, Extra Session, following the repeal of Prohibition, which has been replaced by the Michigan Liquor Control Code of 1998, PA 58 of 1998.

The Constitution of Michigan of 1963 (Article IV, §40) specifies that the Commission's role is to "... exercise complete control of the alcoholic beverage traffic within this State, including the retail sales thereof . . .".

Much of the Commission's role is defined by Act 58 of 1998, known as the Michigan Liquor Control Code of 1998. The Michigan Liquor Control Code of 1998 is found in Section 436 of the Michigan Compiled Laws. In addition the Commission has promulgated Administrative rules found in the Michigan Administrative Code.

PROGRAM EFFECTIVENESS

Outputs/Outcomes

The Off Premises Investigations Authorized and On Premises Investigations Authorized chart reflects the number of days taken to authorize an application for investigation after all necessary documents have been received.

The Licensing Transaction chart reflects the number of days taken to issue licenses and permits after the application is administratively complete.

The On Premises Licenses in Escrow chart reflects the statewide number of on premises licenses in escrow.

Retail Renewal Applications chart reflects the Renewal Applications Received and Renewal Licenses Printed.

Fiscal Year 2008 Program Performance Measures

For the Period October 2007 through September 2008

DEPARTMENT: MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
 APPROPRIATION UNIT: Liquor Control Commission Program: Licensing

OUTPUTS

NEW LICENSES ISSUED										
	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		Total	
	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007
On Premises Licenses	30*	27*	27*	10*	30	35*	30	13*	117	85*
Off Premises Licenses	89**	70**	84	76**	82	88**	84	100**	339	334**
Manufacturers and Wholesale Licenses	448	322	488	274	778	416	330	369	2,044	1,381
Total	567	419	599	360	890	539	444	482	2,500	1,800

* Excluding resort on premises licenses, development district authority licenses and other special acts licenses

** Excluding resort off premises licenses

Fiscal Year 2008 Program Performance Measures

For the Period October 2007 through September 2008

DEPARTMENT: MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
 APPROPRIATION UNIT: Liquor Control Commission Program: Licensing

OUTPUTS

TRANSACTIONS PROCESSED										
	1 ST Quarter		2 ND Quarter		3 RD Quarter		4 TH Quarter		Total	
	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007
Retail Transfers of Ownership	235	228	200	213	241	293	285	239	961	973
New Retail Permits	315	261	298	266	483	528	492	521	1,588	1,576
Other Retail *	703	733	615	919	1,083	1,004	698	709	3,099	3,365
Manufacturers and Wholesale	548	217	1,343	192	521	160	101	605	2,513	1,174
Total	1,801	1,439	2,456	1,590	2,328	1,985	1,576	2,074	8,161	7,088

* Including transfers of stock, appointment and discharge of fiduciary, add/drop space, change name/corrections, cancellations, revocations, delayed renewals, release from escrow, duplicate licenses and duplicate permits. Excluding processing of renewal applications and issuance of new licenses.

Fiscal Year 2008 Program Performance Measures

For the Period October 2007 through September 2008

DEPARTMENT:	MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH		
APPROPRIATION UNIT:	Liquor Control Commission	Program:	Licensing

Program Improvement Plans

Work with DIT Liquor Team to display certain documents for on premises and off premises multiple business operators which will reside on servers accessible to Liquor Control Commission staff members.

Work with DIT Liquor Team on automating the Manufacturers & Wholesalers Salesperson program to automatically provide us with a report of all Salesperson applications pending Commission Approval.

Review current forms to determine whether the form is required and whether the customer can easily understand the form and its purpose. Provide proposed changes to Bureau staff for review and comment.

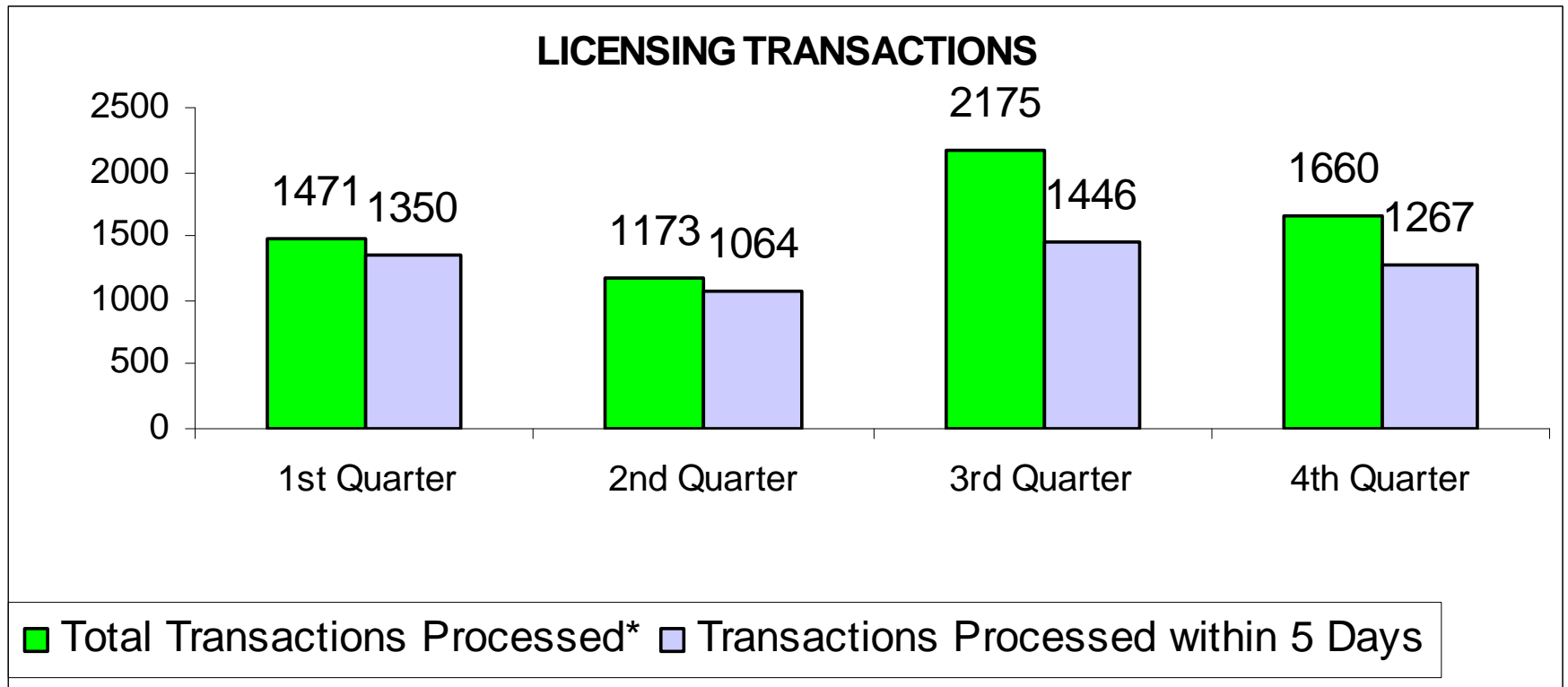
Work on reorganizing and restructuring the Licensing forms on the web site to make all forms writeable and to organize forms and instructions into types of transactions to make it easier for the user.

Work with DIT Liquor Team to implement membership/stock interest charts on our Oracle Licensing & Enforcement Data Base.

Work with DIT to integrate Liquor applications in Michigan Business 1 Stop.

Work with DIT Liquor Team to provide the status of pending applications on the web.

Outputs/Effectiveness

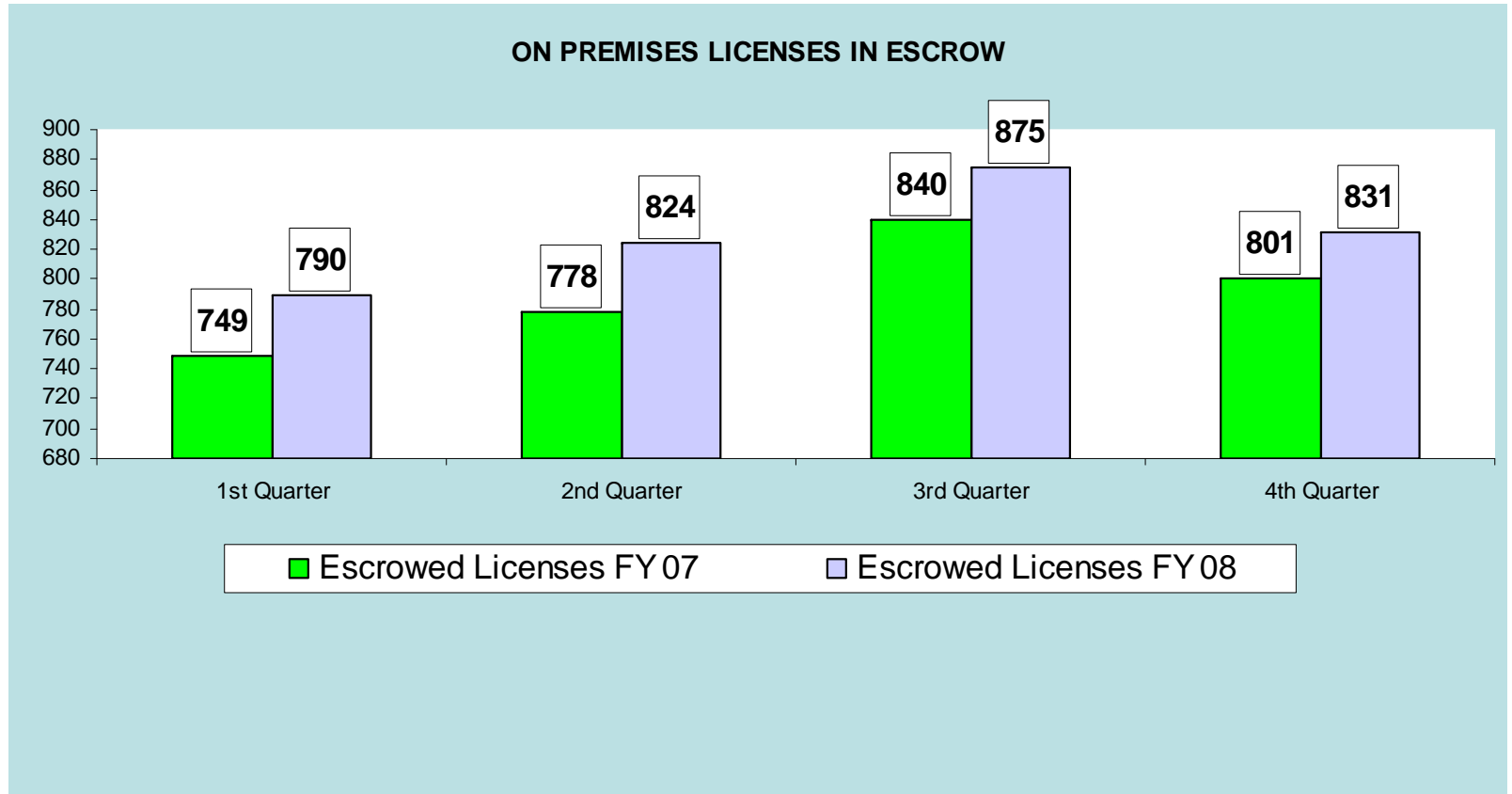


Objective: To process 95% of transactions within 5 working days after the application is administratively complete.

Outcome: 78.5% of transactions were processed within 5 working days after the application was administratively complete.

Note: Due to the volume of applications received in the 3rd and 4th quarters it was not possible to meet this goal.

Outputs/Effectiveness

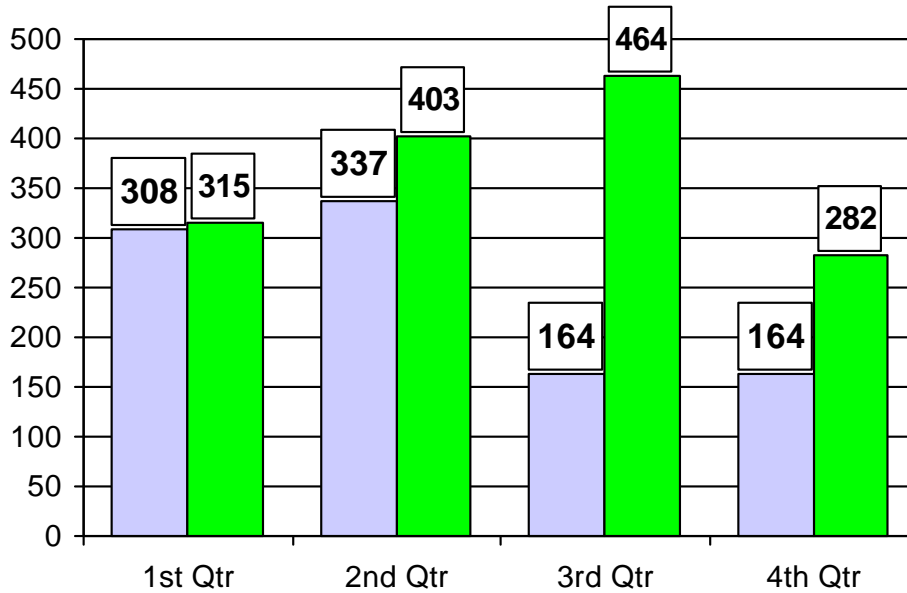


Objective: To reduce the number of on premises escrowed licenses by 5%.

Outcome: On Premises licenses in escrow increased by 4% from FY 07.

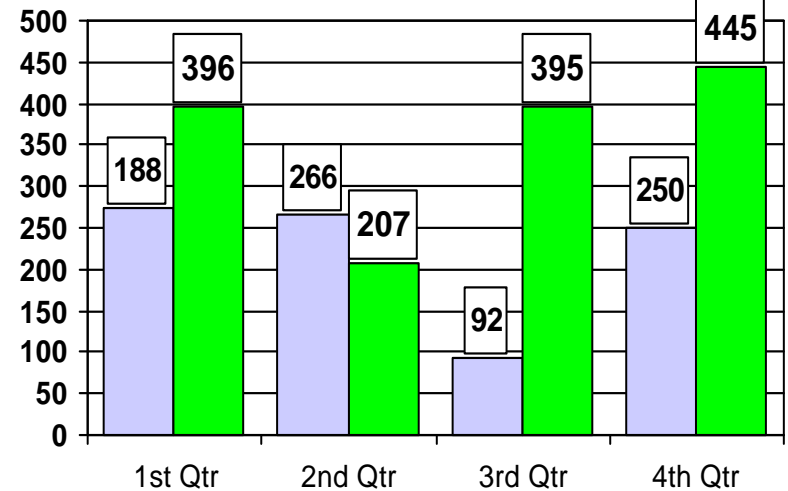
Outputs/Effectiveness

On Premises Investigations Authorized



■ On Premises Investigations Authorized within 5 Days
■ Total On Premises Investigations Authorized

Off Premises Investigations Authorized



■ Off Premises Investigations Authorized within 5 Days
■ Total Off Premises Investigations Authorized

Objective: To authorize 90% of applications for investigations within 5 working days after all necessary documents have been received.

Outcome: 56.2% of Off Premises applications were authorized for investigation within 5 working days after all necessary documents were received.
58.2% of On Premises applications were authorized for investigation within 5 working days after all necessary documents were received.

Note: Due to the volume of applications received in the Fiscal year 2007 it was not possible to meet this goal.

Fiscal Year 2008 Program Performance Measures

For the Period October 2007 through September 2008

DEPARTMENT:	MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH		
APPROPRIATION UNIT:	Liquor Control Commission	Program:	Licensing

Program Improvements Made

Conversion for Liquor Control Commission paper documents for on premises and off premises multiple business operators has been completed. Scanning bar codes have been received and master files have been prepared with scanning bar codes. Partial scans have been loaded to the Licensing and Enforcement data base. We are currently working with DIT Liquor Team to obtain more space to load the remaining scans.

Manufacturers & Wholesalers surety bond program has been automated to provide us with a report and notices for those licenses not in compliance with the Bond requirements of Section 801.

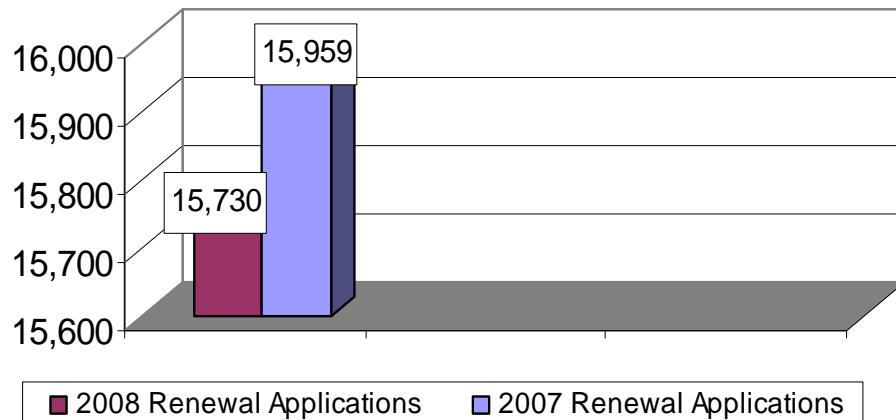
Plans were developed to reorganize the Licensing staff and is presently being implemented.

Current forms have been restructured on the website and are now writeable and to include an email address.

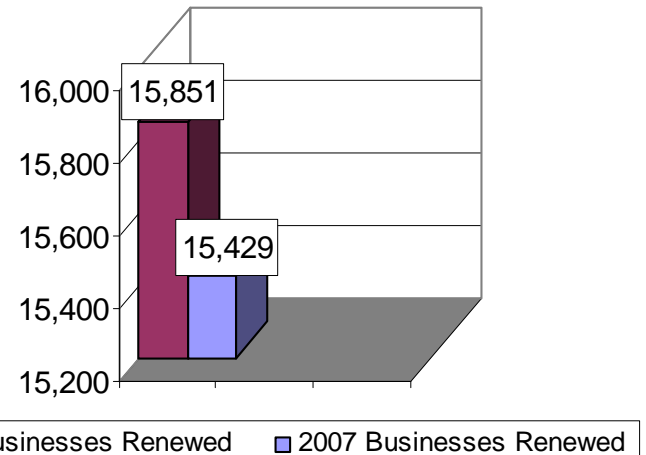
Various Oracle Licensing and Enforcement screens have been changed to include parameters for email addresses.

Outputs/Effectiveness

Retail Renewal Applications Received



Retail Businesses Renewed



In March 2008 a total of 15,730 retail Renewal Applications were released. As of June 9, 2008 a total of 15,851 businesses were renewed.

Fiscal Year 2008 Program Performance Measures

For the Period October 2007 through September 2008

DEPARTMENT:	MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH		
APPROPRIATION UNIT:	Liquor Control Commission	Program:	Licensing

Licensing Challenges

The Licensing Division faces constant challenges to meet the demands of its customers due to the steady increase in new and transfer ownership applications received. This challenge is exacerbated by new license types that are available for issuance, the 90-day timeframe required for processing of applications and the shortage in Licensing staff resulting from retirements, transfers and departures.

The continued need for streamlining of licensing functions and processes to ensure swift and efficient service to customers.

Constant training needs for staff due to new license availability, rule and policy changes and increased demands for efficiency.

The challenge to meet the ever changing needs of the general public for accessibility to Licensing information via the internet.

Program Description

FY 08 ANNUAL PROGRAM

PERFORMANCE MEASURES

October 1, 2007 through September 30, 2008

Department: Michigan Department of Labor & Economic Growth

Appropriation Unit: Liquor Control Commission

Program: Enforcement Division

FY 2008 Program Performance Measures

October 1, 2007 through September 30, 2008

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Program Mission:

To regulate the manufacture, importation, sale and distribution of alcoholic beverages in Michigan through selective licensure and strict enforcement of the Liquor Control Code and Administrative Rules.

Program Statement:

The Enforcement Division acts as the investigative arm of the Michigan Liquor Control Commission. Through selective licensure and strict enforcement, the Commission strives to ensure that all businesses licensed to sell alcoholic beverages in Michigan are responsible business partners. The Enforcement Division investigates applicants for new licenses, transfer ownership of existing licensed businesses, and a wide variety of other licensing investigations. The Enforcement Division is also responsible for ensuring that all licensees comply with the Liquor Control Code and Administrative Rules. Compliance is monitored through complaint investigations, nighttime enforcement operations and controlled buy activities utilizing contracted under-aged employees as decoys. Enforcement staff also provides information and assistance to state, county and local law enforcement agencies, as well as local governing bodies, industry trade associations, licensees, attorneys and the general public. Failure to provide these services would negatively impact the health, safety and welfare of citizens of Michigan.

Program Customers:

Citizens of the State of Michigan and anyone involved in the alcoholic beverage industry in Michigan, including alcoholic beverage retailers, manufacturers, supplies, wholesalers and other non-retail licensees.

FY 2008 Program Performance Measures

October 1, 2007 through September 30, 2008

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Fund Source:

- Liquor License Revenue
- Liquor Purchase Revolving Fund

Legal Basis:

- The United States Constitution gives each State full authority for the transportation, importation, delivery and use of alcoholic liquor within its borders (The Constitution of the United States of America, Article AXE, 2).
- The Michigan Liquor Control Commission was established by the Legislature by Act 8 of 1933, Extra Session, following the repeal of Prohibition, which has been replaced by the Michigan Liquor Control Code of 1998, PA 58 of 1998.
- The Constitution of Michigan of 1963 (Article IV, 40) specifies that the Commission's role is to "...exercise complete control of the alcoholic beverage traffic within this State, including the retail sales thereof..."
- Much of the Commission's role is defined by Act 58 of 1998, known as the Michigan Liquor Control Code. The Michigan Liquor Control Code is found in Section 436 of the Michigan Compiled Laws. In addition, the commission has promulgated Administrative rules found in the Michigan Administrative Code.

Program Goals:

- The goals of the Enforcement Division are:
- Thoroughly investigate applicants for licensure in a timely manner to ensure all individuals and entities are in fact the true beneficiaries of the license; that no hidden ownerships exist who otherwise would not qualify for licensure; that all finances used to finance the licensed business are from legitimate and verifiable sources; that the licensed individuals and entities are of high moral character increasing the probability that as licensees they will be responsible business partners respecting and abiding by the Liquor Control Code and Administrative Rules; and that the licensed establishments and proposed licensed establishments comply with the Liquor Control Code and Administrative Rules.
- Conduct enforcement and violation investigations to ensure compliance by liquor licensees with the Liquor Control Code and Administrative Rules, protecting the health, safety and welfare of the general public.
- Specifically monitor licensee compliance with the Liquor Control Code requirement to sell alcoholic liquor products only to persons 21 years of age or older through controlled-buy operations using under-age contract employees to check retail licensees.
- Ensure that Liquor Control Regulation Agents and law enforcement agencies are properly trained on the Liquor Control Code and Administrative Rules.

FY 2008 Program Performance Measures

October 1, 2007 through September 30, 2008

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Program Objectives:

- The objectives of the Enforcement Division are:
- To produce complete, accurate and timely investigative reports for all new license applications, transfer ownership and/or location of existing licensees, new or amended permits for existing licensing, changes in licensed premises and all other matters involving licensed establishments requiring investigations by the Enforcement Division.
- To thoroughly investigate complaint allegations against existing licensees for violations of the Liquor Control Code and/or Administrative Rules and to accurately report findings and violation reports when appropriate.
- To testify in Administrative Hearing proceedings and in Court Hearings involving violations of the Liquor Control Code and Administrative Rules.
- To regularly conduct controlled-buy operations statewide with under-aged decoys to regulate the sale and consumption of alcoholic liquor by minors, thereby reducing the availability of alcohol to minors.
- To thoroughly train and educate local, county and state law enforcement agencies on the provisions of the Liquor Control Code, Administrative Rules and violation report writing.
- To assist other law enforcement agencies in joint operations involving liquor law violations.
- To educate liquor licensees on the Liquor Control Code, Administrative Rules, and Commission policies.

Program Effectiveness:

- The Division has continued to improve accuracy and timeliness of licensing investigative reports through District Meeting training, rewriting of the procedures manual, standardization of report writing and streamlining of investigation procedures and reports.
- Overall complaint investigations completed decreased slightly by 4% in 2008, however, violations submitted by Enforcement Division staff increased by 10% over 2007 levels.
- The controlled-buy operations for fiscal year 2008 increased by 1% over the levels of 2007 despite the fact that the 2008 budget crises negatively impacted the first 3 months delaying the ability to hire decoys and schedule controlled buy-operations.
- The percentage of controlled-buy sales made to minors for the 2008 fiscal year was 16%, which mirrored the 2007 fiscal year. However, the percentage of those sales to minors made after the clerk/server viewed the decoy's vertical driver's license decreased to 56%, down from 68% for the 2007 fiscal year.
- Licensing investigations completed saw a 7% increase in the 2008 fiscal year over the 2007 fiscal year completed.
- The Enforcement Division increased its training efforts with local law enforcement agencies and industry trade groups to educate all parties on the Liquor Control Code, Administrative Rules and Commission policies.
- The Division participated division increased the number of training activities with law enforcement agencies in 2008 and is working towards an updated PowerPoint law with various licensee trade associations to train industry members on the Liquor Control Code, Administrative Rules and Commission policies.

FY 2008 Program Performance Measures

October 1, 2007 through September 30, 2008

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Program Improvement Plans:

- Continue to work towards an interactive template for investigator's report to standardize all reports improving both the efficiency and effectiveness of report submission and report review.
- Continue evaluation of investigation procedures to find areas to streamline investigations.
- Complete the development of a PowerPoint program to be used for training law enforcement agencies on liquor law incorporating training for illegal gambling (video poker) and illegal alcohol smuggling.
- Continue to work with local law enforcement agencies, the Michigan State Police, industry trade associations and the alcoholic beverage industry to curtail illegal alcoholic beverage smuggling activities.

Program Improvements Made:

- Provided training to Enforcement Division staff with training on video gambling and interview preparation
- Developed interactive generic Notice of Deficiencies for investigators use in notifying applicants of investigation requirements including required documentation.
- Continued work on Enforcement Division safety manual.
- Increased training activities for local, county and state law enforcement agencies.
- Participated in industry trade shows to educate licensees on liquor laws.
- Participated in numerous alcohol prevention conferences and community seminars to help disseminate the critical importance to curb underage drinking.
- Updated information available on website to licensees, applicants, law enforcement agencies and the general public.
- Actively initiated and participated in illegal gambling task force with Gaming Control Board, Office of Attorney General, Department of Treasury, Bureau of State Lottery and Michigan State police to coordinate efforts to curtail illegal gambling in licensed establishments.

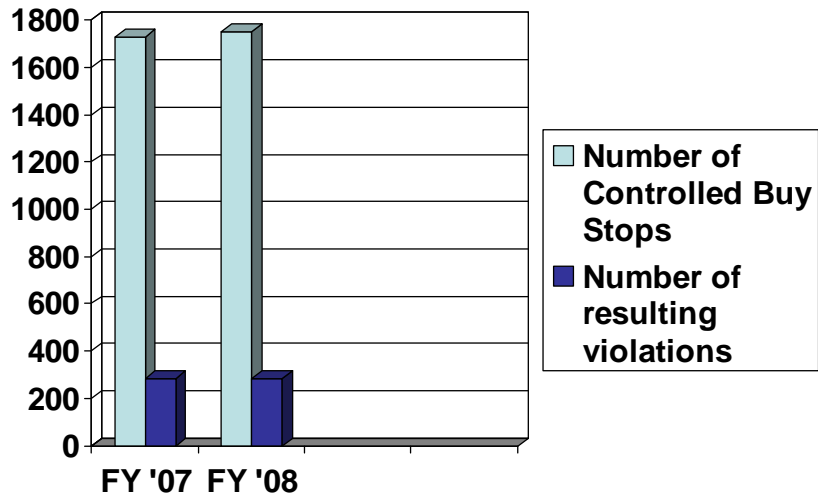
FY 2008 Program Performance Measures

October 1, 2007 through September 30, 2008

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Controlled Buy Activity



	FY '07	FY '08
Number of Controlled Buy Stops	1729	1753
Number of Resulting Violations	285	286
% of Violations	16%	16%

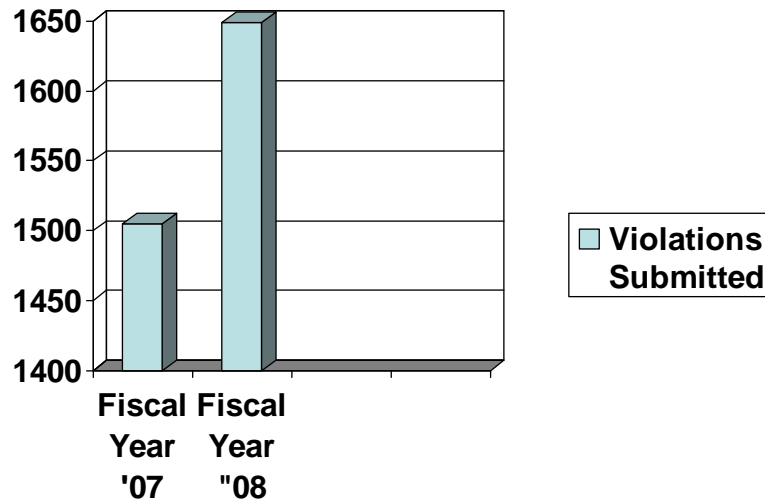
FY 2008 Program Performance Measures

October 1, 2007 through September 30, 2008

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Violations Submitted Activity



	Fiscal Year '07	Fiscal Year '08
Violations Submitted	1505	1649

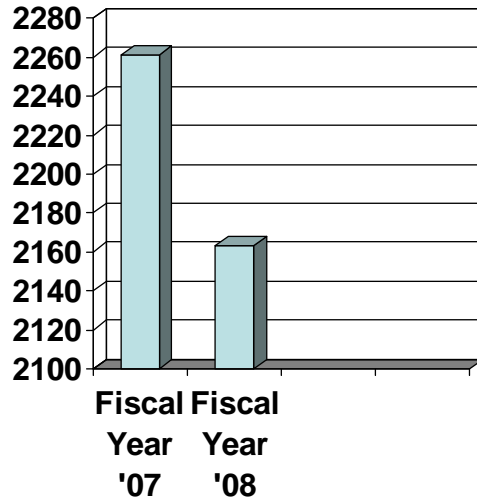
FY 2008 Program Performance Measures

October 1, 2007 through September 30, 2008

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Complaint Investigation Activity



	Fiscal Year '07	Fiscal Year '08
Complaints Investigated	2261	2163

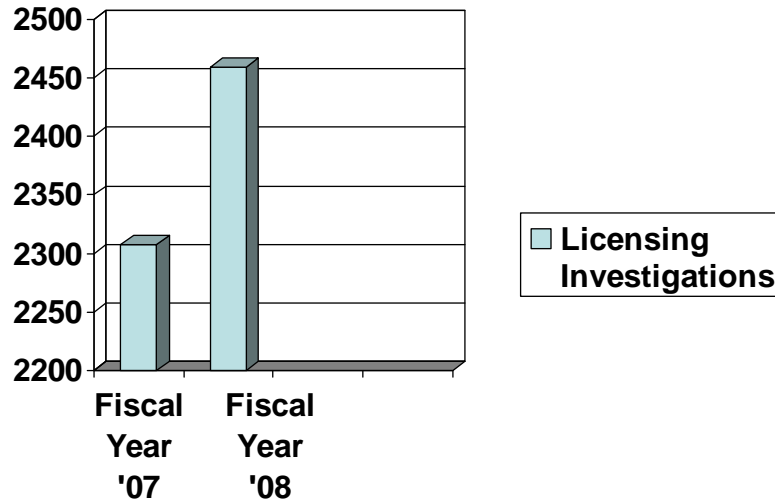
FY 2008 Program Performance Measures

October 1, 2007 through September 30, 2008

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Licensing Investigation Activity



	Fiscal Year '07	Fiscal Year '08
Licensing Investigations	2307	2459



Program Description and Performance Measures

October 1, 2007 thru September 30, 2008

Michigan Liquor Control Commission (MLCC)

Executive Services Division

Program: Hearings & Appeals



Program Mission – Executive Services

- The Executive Services Division provides an orderly and legal separation between the Licensing and Enforcement functions and the quasi-judicial functions of the Commission. This involves all hearings and appeals functions, server training program administration, responsibility for rules promulgation, legislative analysis, recording and maintaining all Commission minutes, and preparation and dissemination of information and materials related to the goals and missions of the Commission.



Functions and Responsibilities of the Executive Services Division

- Administers the states' alcohol server training program through the use of private training courses.
- Oversees rules promulgation for the agency.
- Provides customer relations services and coordinates special events.
- Coordinates agency FOIA requests.
- Offers communication services such as web tools, forms, publications and electronic messaging.
- Through the hearings and appeals unit, oversees the violation and appeal processes of the agency.



Program Mission – Hearings & Appeals

- The mission of the Hearings and Appeals Unit is to protect the health, safety and welfare of the citizens of the State of Michigan by providing a mechanism for law enforcement agencies to fulfill their duties to enforce the rules and regulations of the MLCC and to ensure that licensees and applicants for licensure are afforded due process in responding to alleged violations or denials for licensure.



Functions and Responsibilities of the Hearings & Appeals Unit

- The Hearings and Appeals Unit provides administrative support to the Commissioners and the office of the Attorney General. This includes the processing of violation reports, issuing notices of complaints, processing acknowledgments, scheduling violation hearings, issuing notices of hearings and subpoenas for witnesses' appearance at hearings, providing hearing reporters for and transcripts from hearings, issuing Commission orders subsequent to the hearings and acknowledgments and enforcing said orders by issuance of invoices for fines due and notification to police agencies and the Commission's Enforcement Division of suspensions to be served.
(CONTINUED)



Functions and Responsibilities of the Hearings & Appeals Unit (continued)

- These duties also include the scheduling of both violation and licensing appeal hearings and penalty hearings, issuance of orders subsequent to the hearings and enforcement of these orders.
- In fulfilling these responsibilities the following metrics reflect the production of the Hearings & Appeals Unit.



Program Production Measures

1. Violation reports totaled 2,777 from October 1, 2007 thru September 30, 2008
2. Violation hearings, appeal and penalty hearings totaled 1,285 from October 1, 2007 thru September 30, 2008
3. 2,712 Orders were issued from October 1, 2007 thru September 30, 2008



Program Customers

- The Hearings and Appeals Unit provides services to a vast array of citizens, licensees, applicants, attorneys and industry persons living within the State of Michigan who are involved in the alcoholic beverage industry as well as those persons residing in the United States and abroad who are involved in the sale, delivery or importation of alcoholic liquor.



Program Goals

- The goal of the Hearings and Appeals Unit is to adhere to statutory time frames and internal mandates by processing violation reports, violation appeals and licensing appeals in a timely manner to provide for speedy and efficient adjudication of cases before the Commission, while affording licensees and applicants due process.



Fund Source

- Liquor License Revenue
- Liquor Purchase Revolving Fund



Legal Basis

- The US Constitution gives each State full authority for the transportation, importation, delivery and use of alcoholic liquor within its borders.
- The Michigan Liquor Control Commission was established by the Legislature in 1933 following the repeal of Prohibition. Act No. 8 of the Public Acts of the Extra Session of 1933 has been replaced by the Michigan Liquor Control Code of 1998, PA 58 of 1998.
- The Constitution of Michigan of 1963 (Article IV, S 40) specifies that the Commission's role is to "...exercise complete control of alcoholic beverage traffic within this State, including the retail sales thereof..."
- Much of the Commission's role is defined by Act 58 of 1998, known as the Michigan Liquor Control Code. The Michigan Liquor Control Code is found in Section 436 of the Michigan Compiled Laws. In addition, the Commission has promulgated Administrative rules found in the Michigan Administrative Code.



Program Objectives

- The Hearings & Appeals Unit Objectives are:
 - Schedule 95% of original violation hearings within 90 days of receipt of the violation report in the Unit.
 - Schedule 95% of postponed and continued hearings within 180 days of receipt of the violation report in the Unit.
 - Issue 100% of final orders from hearings within 45 days of the hearing date.
 - Schedule 100% of licensing appeals within 30 days from the hearing request date.



Program Effectiveness

- **Process Outcomes 10-1-07 thru 9-30-08**
 - H&A processed 2,777 new violation reports
 - Held 1,285 hearings
 - Processed 1,458 Acknowledgments
 - Issued 2,712 orders
 - Held 152 appeal hearings
 - Held 19 penalty hearings



Program Effectiveness

○ Program Outcomes

- The Objectives of the program and internal Goals are to protect the health, safety and welfare of the citizens of the State of Michigan while providing swift adjudication of violation cases – and they have been set at a high, although reasonable, standard.
- Absolute conformance with those standards is not necessary to achieve the broader mission and purposes of the program, as long as performance remains within reasonable compliance with specific program objectives.



Program Improvement Plans

- Continue to cross train employees and reassign job duties accordingly to ensure consistent workflow.
- Provide additional training (in-house) for employees on reporting and statistical reports.
- Conduct monthly staff meetings to discuss workflow and ways to improve existing operating procedures.



Program Improvement Plans

- Maintain and update procedures manual detailing the functions of the unit step-by-step.
- Conduct regular follow-ups on the status of violation reports pending complaints.
- Work with DIT staff to improve efficiency of the ORACLE program.
- Maintain the efficiency in processing and scheduling new violation cases.



Program Improvements Made

- The violation hearing backlog is being constantly monitored and in the majority of instances, violation hearings are being scheduled within 90 days of receipt in Hearings and Appeals.
- Continued/rescheduled hearings are being closely monitored for extenuating circumstances which would prevent them from being scheduled within 180 days of receipt in Hearings and Appeals.



Program Improvements Made

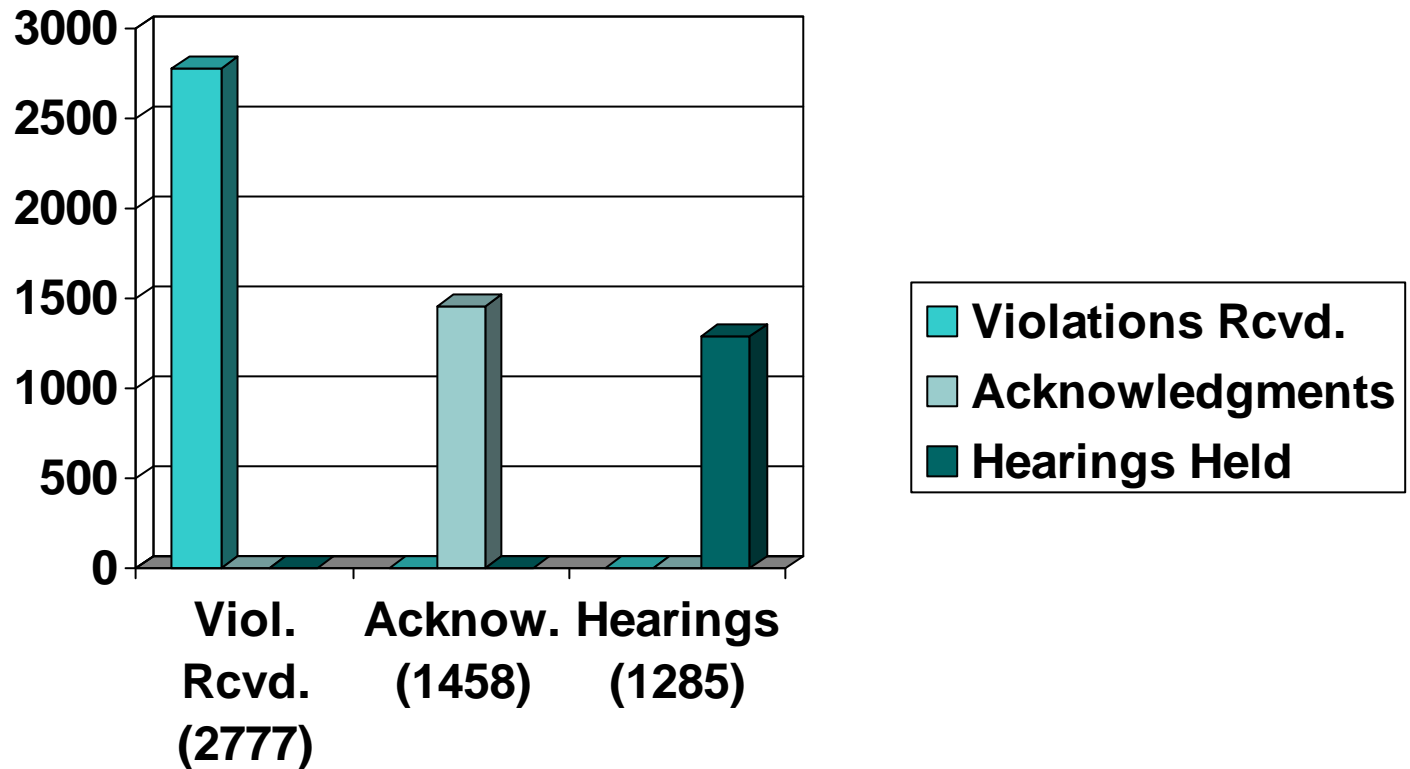
- Attorney General's office is continuing to draft the majority of complaints within 30 days of receipt of the violation report to enable Hearings and Appeals to schedule violations for hearing within 90 days.
- Successfully implemented changes and updates to the ORACLE database.
- Held meetings with DIT staff to design programs to ensure the accuracy of reports and to enhance the various reporting capabilities of the Hearings and Appeals Division.
- Step-by-step procedures of various functions of the unit have been compiled and placed on a shared computer drive for access by unit staff.



Challenges

- Difficulties faced in maintaining objective of scheduling violation hearings in a timely manner
 - Increased case load, 164 more violations received in past fiscal year over previous year
 - Unfilled vacancy in one hearing commissioner appointed position
 - Strains on limited staff resulting from increased workload

Objective 1: Maintain Average Time to Process Violation Reports within 90 days.



Range 5 to 258 Days

Average 56.9 days

Objective 1: Schedule Hearings Within 90 Days of Receipt.

<u>HEARING CITY</u>	<u>AVERAGE DAYS TO SCHEDULE HRG.</u>
Ann Arbor	65.7
Cadillac	59.1
Escanaba	54.6
Farmington	63.1
Flint	52.8
Gaylord	60.9
Grand Rapids	50.3
Jackson	50.9
Kalamazoo	58.9
Lansing	49.9
Marquette	61.6
Port Huron	49.1
Saginaw	56.7
St. Ignace	52.9
Sterling Heights	66.9
STATEWIDE AVERAGE	56.9 DAYS



Objective 1

- To Schedule violation hearings within 90 days of receipt.
- OUTCOME: The total average days from violations received to scheduling of hearing and/or acknowledgment is 56.9 days.



Objective 2

- To Schedule Violation & Licensing Appeal Hearings within 30 days of the request.
- **OUTCOME: Violation and Licensing appeal hearings during the period October 1, 2007 thru September 30, 2008 were scheduled within 30 days 100% of the time.**



MLCC Hearings and Appeals

End of program description and
performance measures presentation;
October 1, 2007 thru September 30, 2008

DLEG – Liquor Control Commission

Fiscal Year 2008 Program Performance Measures

For the Period October 2007 through September 2008

Financial Management Division

FY 2008 Program Performance Measures
DEPARTMENT: LABOR AND ECONOMIC GROWTH
APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Financial Management

Timeline: October 1, 2007 through September 30, 2008

Program Mission:

The mission of the Financial Management Division is to collect over \$1 billion annually in liquor sales dollars, taxes, fees and other monies for the State of Michigan; to properly account for and provide reports on these monies; to transfer these monies to the appropriate agencies; and to manage the Liquor Purchase Revolving Fund for the State of Michigan.

Program Statement:

The Financial Management Division provides support for the Commission in all areas of financial management and accounting. On behalf of the Commission, Authorized Distribution Agents (ADAs) take licensee liquor orders, assemble the orders, invoice and collect for the orders, deliver the merchandise, and provide order, sales, adjustment and inventory information to the division. The division is responsible for overseeing ADA operations, and processing, balancing and reconciling the raw liquor sales and adjustment data submitted by the ADAs. The division manages the State's investment in the liquor inventory asset through proactive procedures designed to analyze inventory balances, physical spot checks of suspicious product inventories and the delisting of inactive product codes. The division also receives and processes all price and product quotations for liquor sold in Michigan. The division manages the Liquor Purchase Revolving Fund through collection, accounting, and payments of all Liquor related revenue and expenses from the Fund and transfers of profit to the General Fund. Other functions the division performs include revenue collection verification, budgeting, legislative and policy financial analysis, general analysis, expenditure payment analysis and financial statement production.

Program Customers

There are many different customer groups of the Financial Management Division. The main customer groups measured in terms of volume of staff time are retail liquor licensees and other Commission staff. Retail liquor licensees receive services related to the wholesale liquor operation, including oversight of the merchandising effort and a toll free customer Help Line. Other Commission staff are served through provision of analysis, information and administrative services. Other customers serviced are the liquor suppliers, beer & wine taxpayers and the general public.

FY 2008 Program Performance Measures

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION Unit: Liquor Control Commission PROGRAM: Financial Management

Fund Source:

Liquor Purchase Revolving Fund

Legal Basis:

The Michigan Liquor Control Commission was established by the Legislature in 1933, in Extra Session, following the repeal of Prohibition, which has been replaced by the Michigan Liquor Control Code of 1998, PA 58 of 1998.

The United States Constitution gives each State full authority over the importation and use of alcoholic liquor within its borders (U.S. Constitution, Art. 21, Sec 2).

The 1963 Michigan Constitution (Art. 4, Sec 40) states that the Commission's role is to "...exercise complete control of alcoholic beverage traffic within this State, including the retail sale thereof...". Much of the Commission's role is defined by statute and is referred to as the Liquor Control Code. The Liquor Control Code is found in Section 436 of the Michigan Compiled Laws. In addition, the Commission has promulgated Administrative rules, which may be found in the Michigan Administrative Code.

Program Goals:

The goals of the Financial Management Division are as follows:

- To fulfill its legislative mandate of overseeing the operation of the Liquor Purchase Revolving Fund for the State of Michigan.
- To produce monthly and annual financial statements in a timely manner.
- To transfer all monies and profits generated by the Liquor Control Commission to the General Fund or other accounts as mandated each year in an accurate and timely manner.
- To oversee the accuracy and completeness of the accounting information provided by the Commission's Authorized Distribution Agents (ADAs) through a system of electronic record checking.
- To process, balance and reconcile all accounting data for liquor sales, adjustments, and purchases received from ADAs.
- To oversee the adherence by ADAs to business operating procedures established by the Commission and to report possible violations of these to the Enforcement Division for investigation.

FY 2008 Program Performance Measures

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Financial Management

Program Goals (continued)

- To process and manage all product quotations and pricing for liquor made available for sale in Michigan by the MLCC.
- To measure customer satisfaction, assess the effectiveness of the Commission's wholesaling operation, and provide a vehicle for resolving problems through provision of a toll-free telephone Help Line.
- To verify that all beer, wine and mixed spirit drink taxes are reported and paid to the State of Michigan.
- To provide services and assistance to the Commission, Licensing, and Enforcement staff in a timely and professional manner.

Program Objectives:

The objectives of the Financial Management Division are:

- To perform accuracy checks and balancing and reconciliation procedures on 100% of ADA source accounting information.
- To make preliminary liquor sales entries into MAIN before the close of the applicable accounting month.
- To document and provide a resolution or a plan for 100% of the problems reported on the Customer Help Line within 24 hours.
- To verify that all beer, wine and mixed spirit drink taxes are paid through a system of comparison between supplier tax reports and wholesaler invoices, and audits of beer and wine licensees.

Program Effectiveness - FY 2008 Program Outputs/Outcomes

- The Division checks 100% of the prices charged by ADAs, and 100% of the license numbers on sales invoices.
- Licensees are refunded overpayments and charged for underpayments. All shortages of State money and deposit errors are charged back to ADAs.
- The Division follows a plan to resolve customer problems within 24 hours as part of the efforts to provide customer satisfaction.
- The Division produces financial statements for the Liquor Purchase Revolving Fund within three weeks of the receipt of all necessary financial information.

FY 2008 Program Performance Measures

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Financial Management

Program Improvement Plans

- Create and maintain a compilation of all Business Operating Procedures which can be accessed in a quick and easy manner for the benefit of the Authorized Distribution Agents.
- Expand use of the Internet Ordering program through marketing and outreach efforts.
- Expand use of payment for liquor by the Electronic Fund Transfer payment program through marketing and outreach efforts.
- Work with the Department of Information Technology to develop/design/implement a new series of computer systems/programs for the Commission's liquor sales, inventory and purchasing services.
- Develop computer based systems to improve the Commission's Liquor Price Reduction process.

Program Improvements Made

- Developed an automated system to send electronic weekly liquor purchase orders directly to the liquor suppliers.
- Developed and implemented upgrades to the liquor quotation system, E-Quote, which make the system more efficient and user friendly.
- Expanded use of the number of licensees using Internet Ordering program.
- Expanded use of payment for liquor by the Electronic Fund Transfer payment program.

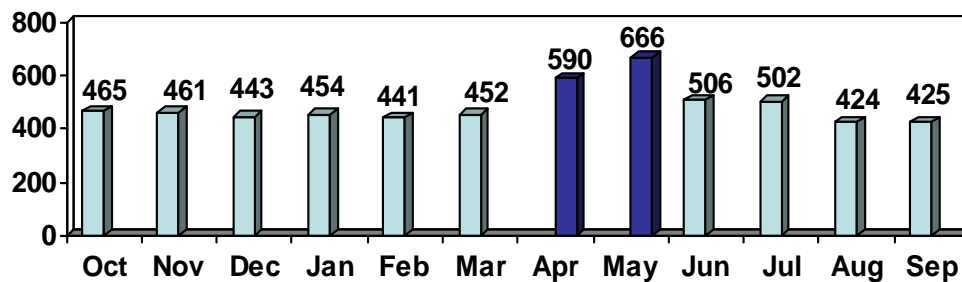
Challenges

- The development of new computer systems/programs for the liquor sales, inventory, and purchasing will be a very time consuming and lengthy project due to the importance and complexity of these Commission activities.
- Currently, or during the next three and one quarter years, nine of the seventeen members of this division are or will become eligible to retire. If even half of these employees retire, the division would lose a large amount of knowledge and skill.

CUSTOMER SATISFACTION

Oct 07 – Sep 08

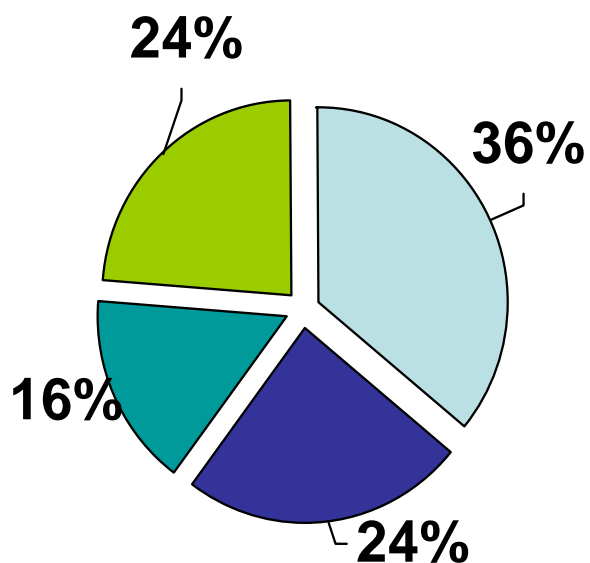
ADA Helpline Calls



■ Total Calls

■ Note: April/May 2008 J Lewis Cooper/General Wine & Liquor Co merger

Types of Calls



■ Delivery - 36%

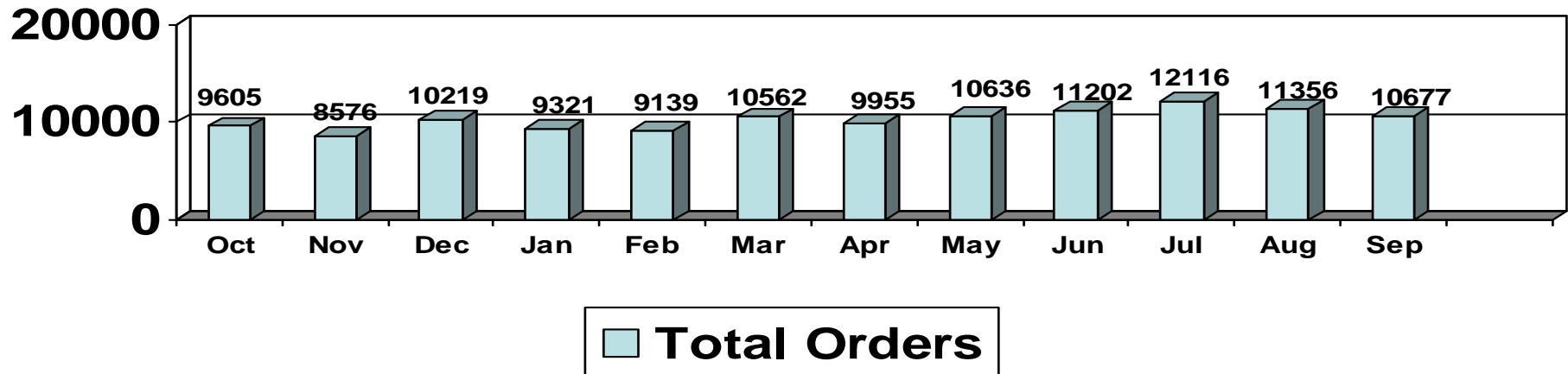
■ Orders - 24%

■ Customer Service - 16%

■ Info-EFT, Price List, OLO, etc - 24%

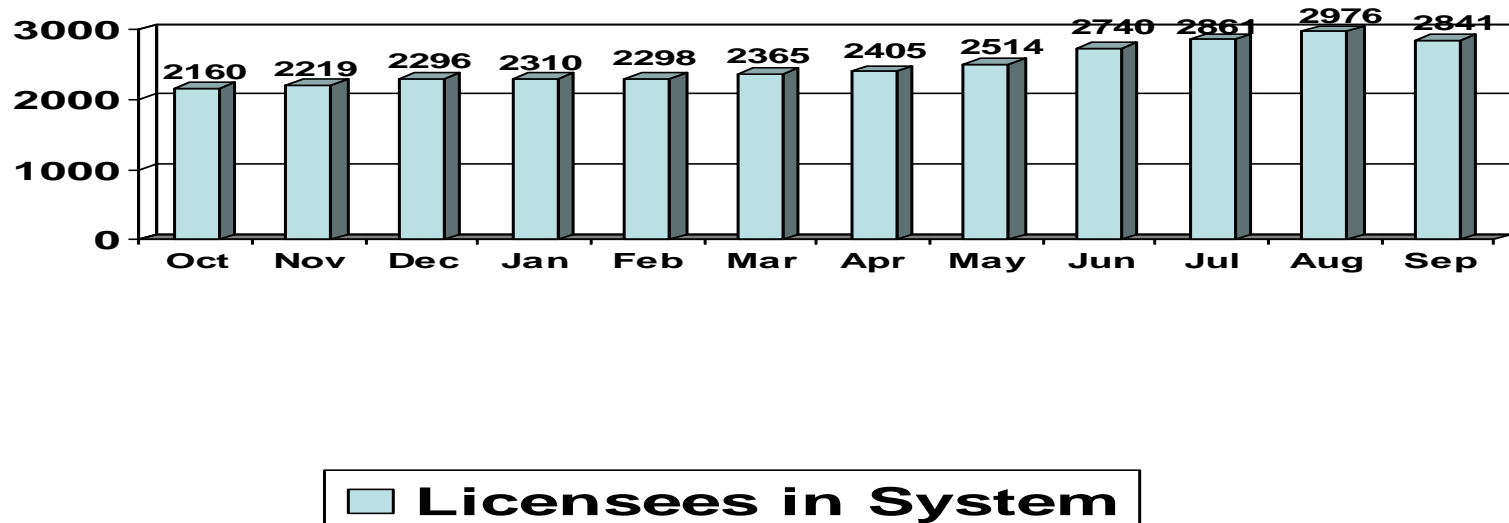
Online Liquor Orders

(Oct 2007 – Sep 2008)



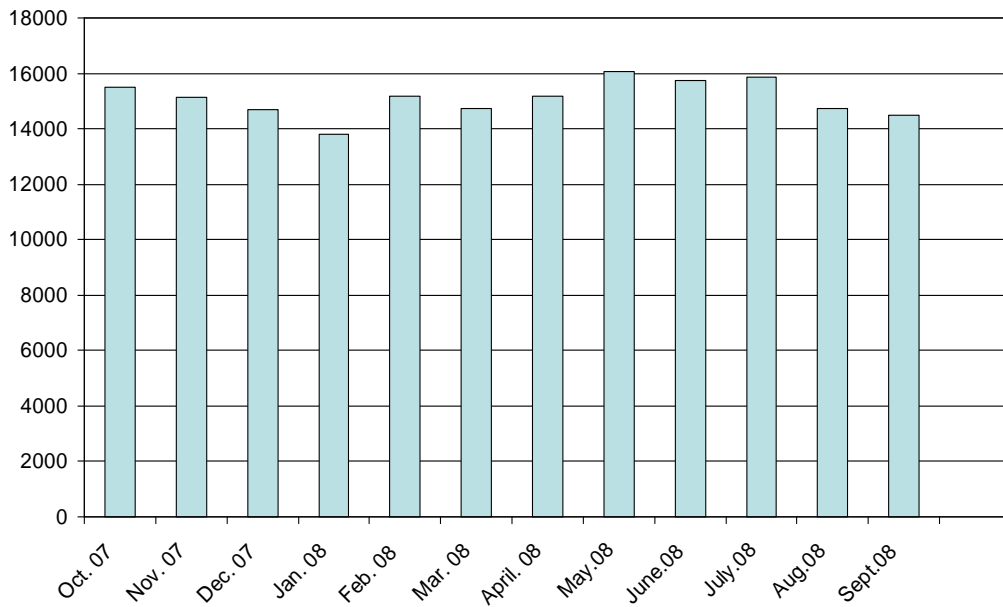
Licensees Placing Web Orders

(Oct 07- Sep 08)

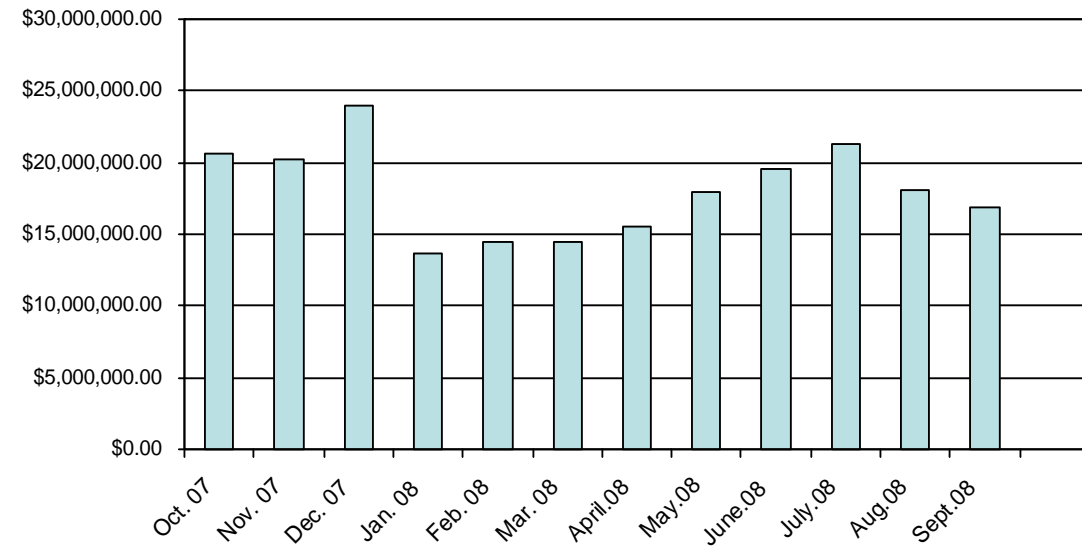


EFT Statistics

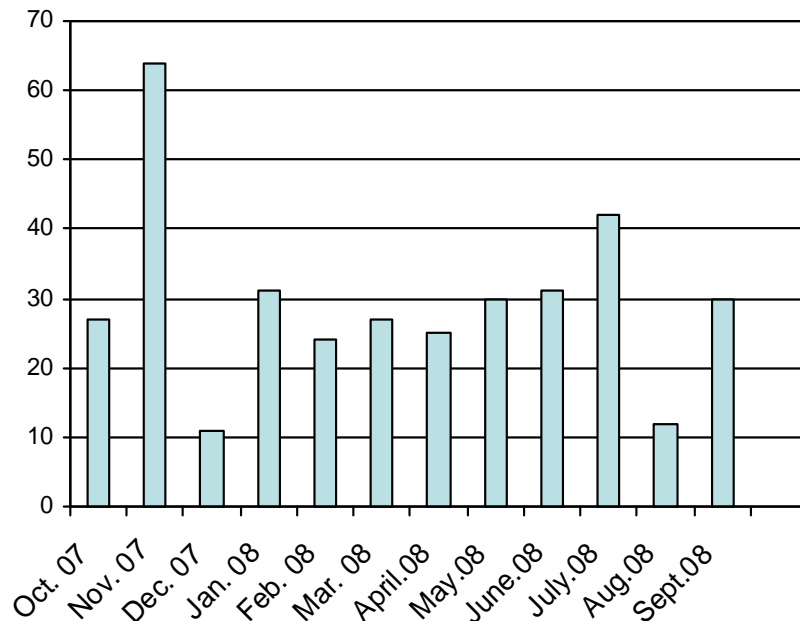
EFT Transactions by Month



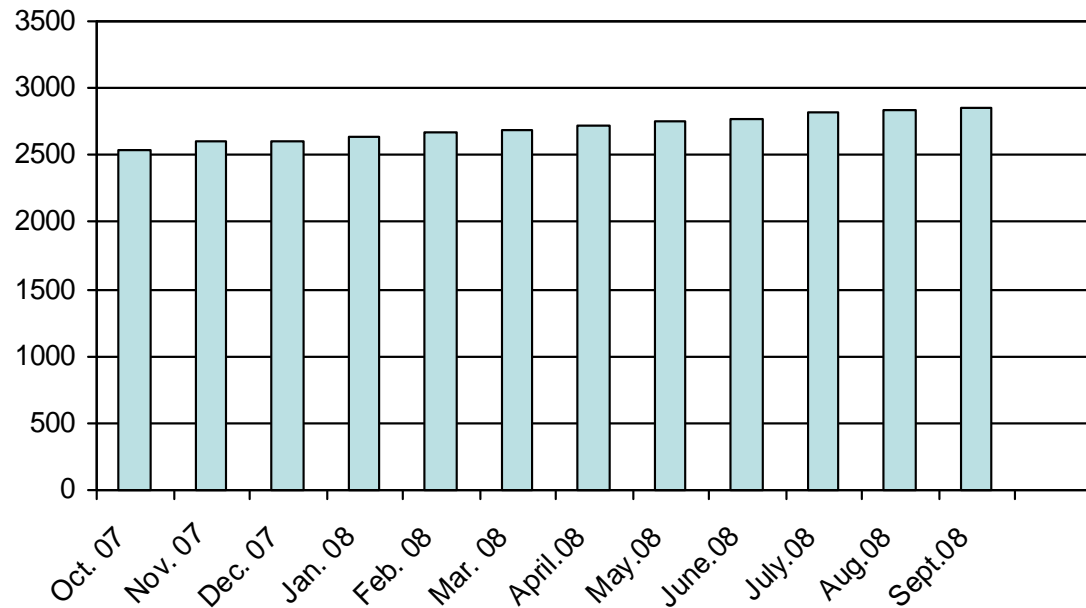
EFT Dollars Transferred



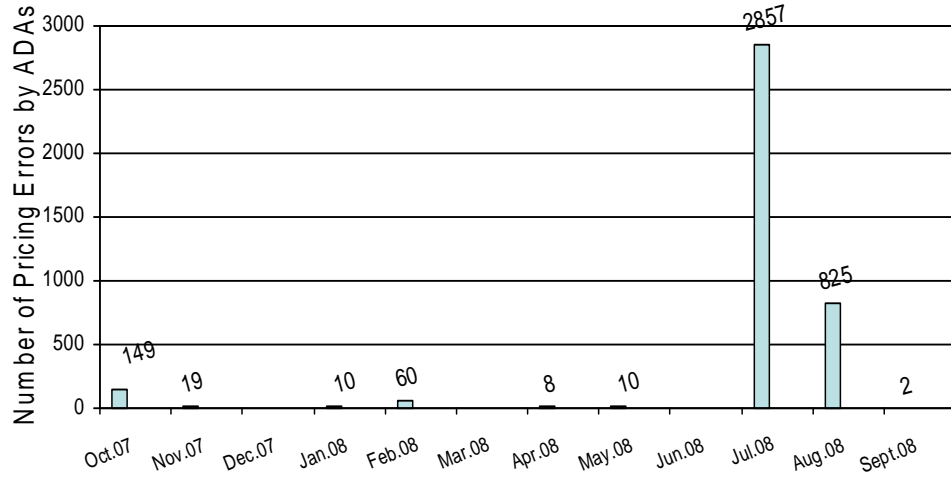
New EFT Participants By Month



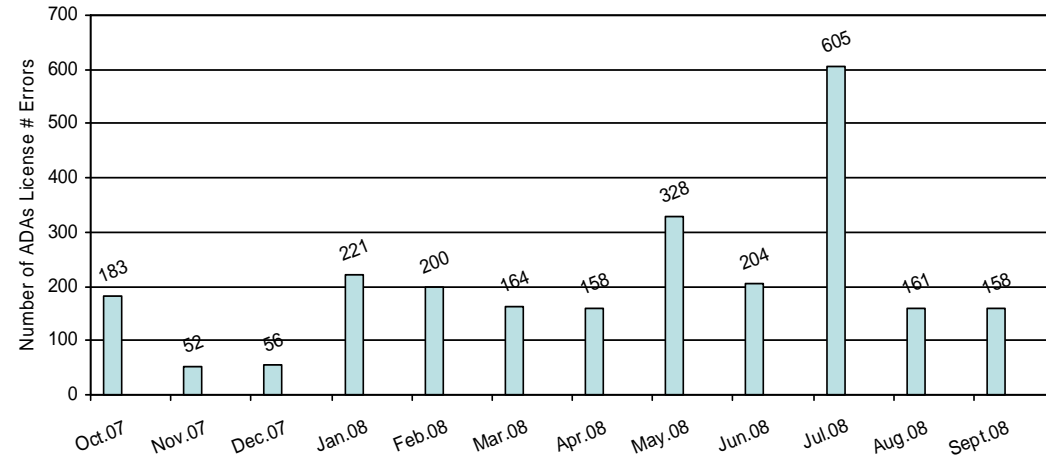
Total New Cumulative EFT Participants



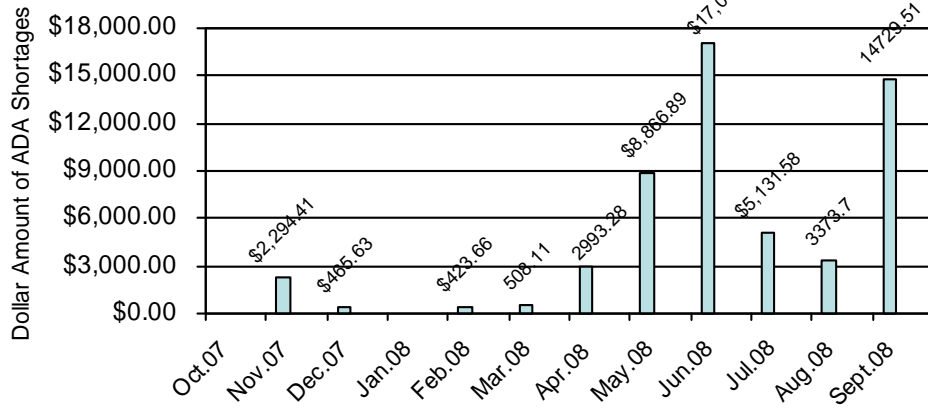
ADA PRICING ERRORS



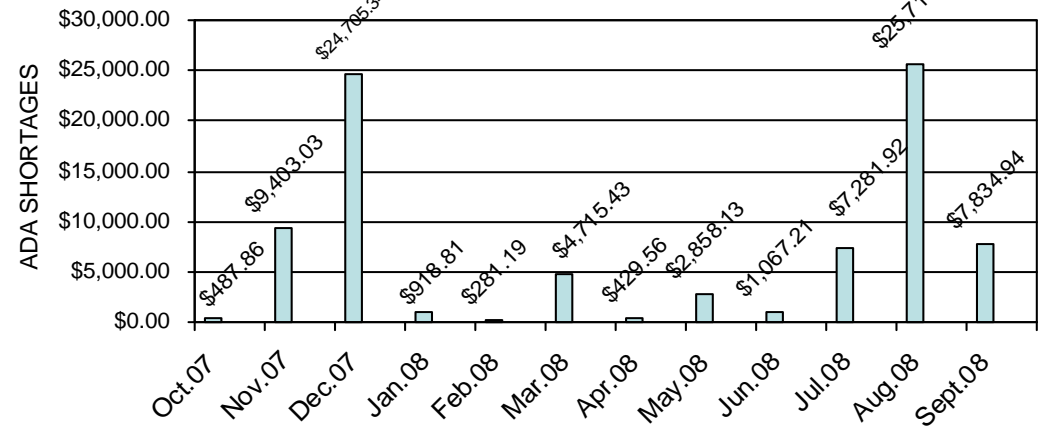
ADAs LICENSE # ERRORS



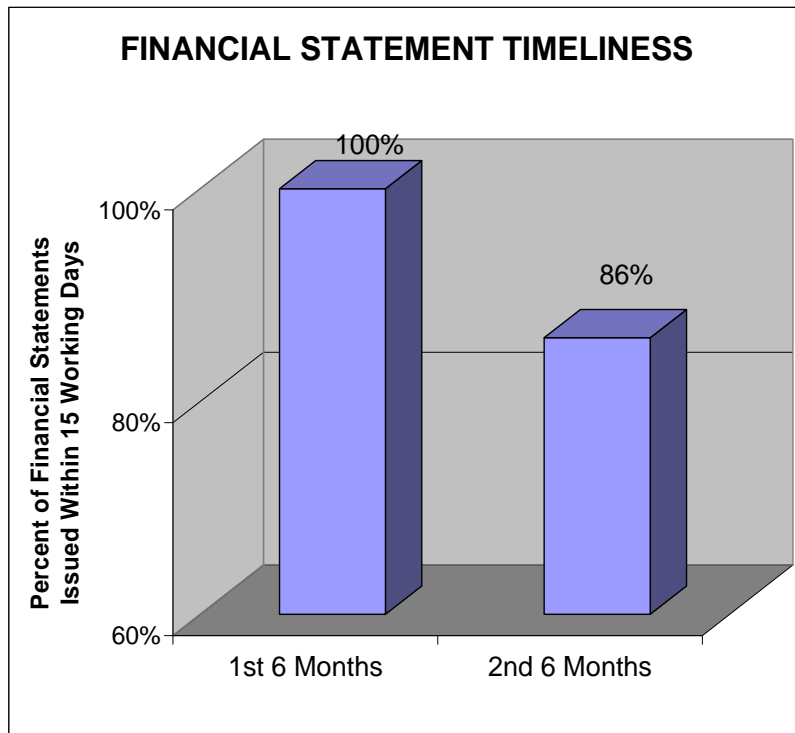
ADA Deposit Shortages



ADA SHORTAGES

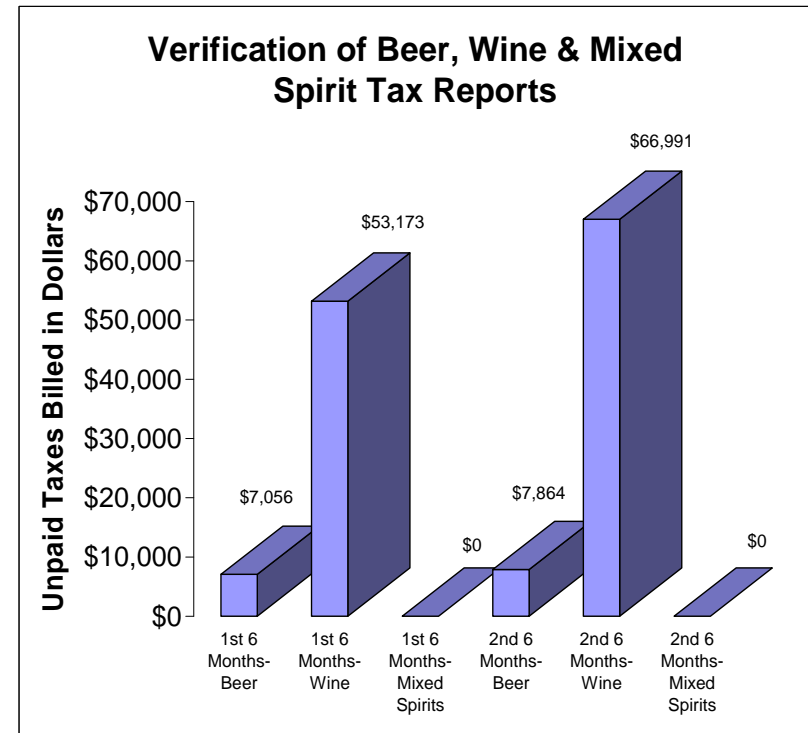


Finance Graphs



Objective: Financial Statement Timeliness - To produce monthly financial statements within 15 work days of having all necessary data.

Outcome: 9 of 10 financial statements issued in FY2008 were produced within 15 work days.



Objective: To verify all Beer, Wine and Mixed Spirit Drink Reports, and notify licensees of unpaid taxes due. To collect these taxes.

Outcome: Various beer, wine and mixed spirit drink licensees have been billed the total amounts of taxes shown above, which otherwise would not have been collected for the State of Michigan. The total amount for FY2008 is \$135,084.